



Illinois Department of Commerce & Economic Opportunity

JB Pritzker, Governor

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Pritzker Administration Makes \$8.75 Million in Forgivable Loans Available for Social Equity Cannabis Licensees

New Direct Forgivable Loan Program fully financed by the State will provide immediate capital to conditionally approved social equity licensees

CHICAGO – Governor JB Pritzker and the Illinois Department of Commerce and Economic Opportunity (DCEO) today announced that \$8.75 million in Direct Forgivable Loans fully financed by the State will be made available to all conditionally-approved social equity loan applicants in order to provide immediate access to capital. Pending the completion of a simplified documentation process, forgivable loan amounts between \$50,000-\$500,000 will be released immediately.

“Equity has always been at the core of our cannabis legalization process. It’s why we expunged hundreds of thousands low-level cannabis charges and instituted the Cannabis Social Equity Loan Program. But I know that if we want to create a truly equitable cannabis industry in Illinois, we must give our business owners the resources they need to grow—both figuratively and literally,” **said Governor JB Pritzker**. “That’s why we are launching this Direct Forgivable Loan Program to provide a much-needed jumpstart for social equity applicants who’ve faced hurdles in pursuit of capital funding. This \$8.75 million will help our social equity licensees open their doors for business—a major step towards creating a prosperous cannabis industry here in Illinois.”

The Cannabis Social Equity Loan Program is a first-of-its-kind program that launched in the summer of 2021 with the goal of providing low-interest loans to social equity licensees through a partnership with lending institutions. Program participants have encountered significant delays in receiving capital through financial institutions due to the complexities of navigating a new industry that remains illegal under federal law, as well as institutions’ fiduciary, regulatory responsibilities and underwriting standards that are set independent of the program.

In response to feedback from participants, and out of an unwavering commitment to increasing equity in the cannabis industry, DCEO’s new Direct Forgivable Loan Program will make funding

from the state available to all eligible program participants regardless of their original loan application status with a lending partner. Interested participants can continue to pursue funding through the original loan program, while also receiving the new Direct Forgivable Loan.

“In Illinois, we are striving to create an ecosystem for cannabis entrepreneurs that prioritizes those who have been adversely impacted by the war on drugs,” **said Lt. Governor Juliana Stratton.** “The creation of the Direct Forgivable Loan Program is a critical step in that mission. We are forging ahead to support social equity licensees' businesses so that Illinoisans can thrive alongside this growing industry.”

“Creating a more equitable cannabis industry in Illinois is the driving force behind the State’s loan programs and today’s announcement will accelerate our vision by making immediate capital available to social equity licensees,” **said DCEO Director Sylvia I. Garcia.** “Looking ahead we will continue working closely with licensees as we implement the new Direct Forgivable Loan Program and incorporate program improvements for future rounds of funding.”

A total of \$8.75 million will be available through the new Direct Forgivable Loan Program. The following loan amounts are available per participant based on the business type:

- **Craft Growers:** \$500,000
- **Infusers:** \$250,000
- **Transporters:** \$50,000

The new Direct Forgivable Loan Program fully financed by the State offers funding for all eligible program participants upon the submission of required documentation. Because DCEO has already received significant documentation from program participants, the additional documentation requirements for a direct forgivable loan are minimal to allow for prompt disbursement of funds. The forgivable loan has an 18-month grace period with no payments or interest accrued to provide businesses with flexibility.

Loan forgiveness will be provided to recipients upon receiving documentation of a broad array of eligible expenses currently accrued or accrued during the loan period, including rent, payroll, utilities, inventory, debt, regulatory expenses, legal fees, equipment and much more. The main differences between the programs are as follows:

	Original Program “Social Equity Loan Program”	New Program “Direct Forgivable Loan Program”
Eligibility for Conditionally- Approved Licensees	Eligible, but not guaranteed to receive funding	Every participant that completes the simplified documentation process and funding disbursement steps will receive funding.

Lender	Financial institutions/lending partners	State of Illinois
Interest Rates	Below market rate with no accrual grace period	4% after an 18-month grace period of no required payments and 0% interest; applicants can also pursue forgiveness prior to any interest accruing.
Options for forgiveness	Not forgivable	The loan principal is 100% forgivable upon providing documentation for eligible business expenses.

Looking Ahead: Continued Collaboration with Licensees

Through the original loan program, social equity applicants were conditionally approved to pursue loan funding directly with lender partners. While conditional approval did not guarantee funding through the financial institutions, the program was designed to incentivize lending to social equity licensees to the greatest extent possible. As part of the structure, DCEO committed to funding a portion of each loan—thereby assuming a portion of the risk and making lending more attractive to lenders.

With many applicants still in the process of seeking loans through the original program, DCEO will continue to work closely with partners in an effort to secure loan funding for applicants who wish to complete the loan application process. Any loan funding provided through the original program would be in addition to the Direct Forgivable Loan funded by the State. In addition to providing additional capital, securing a loan from a financial institution can help add to the legitimacy of the social equity applicant’s business model and help attract capital from additional investors.

State of Illinois Cannabis Program Information

Illinois’ cannabis initiatives for businesses represent a multi-agency effort. For reference, below is a list of agencies and summary of their roles within the cannabis space:

- **Illinois Department of Agriculture:**
 - Issues licenses to craft growers, infusers, and transporters
 - Certifies Social Equity Licensees
- **Illinois Department of Financial and Professional Regulation (IDFPR)**
 - Issues licenses to dispensaries
 - Certifies Social Equity Licensees
- **Illinois Department of Commerce and Economic Opportunity:**
 - Administers Loan Programs for Certified Social Equity Licensees
 - Provides technical assistance to applicants through our partner network